LEGAL AID ONTARIO

2011/12 Annual Report

Legal Aid Ontario
Aide juridique Ontario

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LETTER TO THE MINISTER

July 2, 2012

The Honourable John Gerretsen
Attorney General of Ontario
720 Bay Street
Toronto, Ontario M5G 2K1

Dear Minister,

Please accept, in accordance with Section 72 of the *Legal Aid Services Act, 1998*, the Annual Report for Legal Aid Ontario for the year ended March 31, 2012.

On behalf of the Board of Directors, management and staff of LAO, I would like to convey our appreciation to the Government of Ontario for its ongoing support of access to justice for low-income Ontarians.

Yours sincerely,

John D. McCamus, Chair
Legal Aid Ontario

MESSAGE FROM THE CHAIR

2011/12 was an important and successful year in advancing Legal Aid Ontario's modernization plan. This year LAO provided legal aid support to over 1 million clients more innovatively and through more service channels than ever before, while tackling financial and legislative challenges. Program results are confirming that LAO is set in the right direction and the Board of Directors and I are very proud of this year's accomplishments.

LAO has significantly enhanced its goal to offer greater flexibility in its services, tailoring them to better meet clients' needs. For example, LAO's enhanced duty counsel program uses a combination of staff and private bar to represent clients who do not have a lawyer at court and this year again saw an increase in the number of assists performed that move cases towards final resolution. Duty counsel are now better supported by court workers so that they may focus on value-added activities.

LAO has also broadened its telephone-based legal advice for clients through the Client Service Centre (CSC), where staff lawyers provided over 23,000 assists in family law alone last year. Sixty per cent of calls were resolved with public legal information, access to justice referrals, referrals to community legal clinics and other service providers and the completion of basic client transactions. Forty per cent of callers received additional specialized services from the CSC – an increase of 26% since August 2011, with the provision of general legal information about family law and client preparation through Summary Legal Advice.

Clients can also now find family law information on Legal Aid's Family Law Information Program (FLIP) which made enhancements in 2011/12 to support clients unable to attend in-person sessions of the mandatory information program. Furthermore, criminal law information is now more easily available on LAO's new **LawFacts.ca**.

Another major accomplishment in 2011/12 was the May 30th launch of Phase II of the Block Fees pilot project. This initiative expanded the range of criminal charges included in the block fees that replaced the hourly tariff paid to lawyers, and required enormous effort from all parts of the organization. In this regard, I am grateful for the tremendous effort by the LAO Board, management and staff. Block Fees is an integral component of LAO's modernization plan and already now accounts for approximately 80% of all criminal certificates being issued. LAO continues to work with clinics on a number of promising initiatives. The Clinic Information Management System (CIMS) currently underway will enhance clinic performance measurement through standardized reporting of service level data. The Administrative Savings Plan is a joint effort by LAO and clinics to find administrative efficiencies of $5.5 million by 2013/14. LAO has contributed a visioning paper to the clinics' upcoming strategic visioning workshop, which is being led by the Association of Community Legal Clinics of Ontario. The clinic compensation framework being developed by LAO will modernize the current compensation structure.

Financial eligibility continues to be a challenging issue and was referenced in the Auditor General's Report released in December 2011. We will continue to review options related to addressing the Auditor General's recommendations in light of the current fiscal climate and the responsibility of the Province in determining eligibility.

I am pleased to report that LAO has made significant strides in addressing its challenging financial position. In 2011/12 LAO finished the year with a deficit of $1.3 million, significantly less than the $27.6 million deficit incurred in 2009/10 and a remarkable achievement in light of continuing diminished revenue levels from the Law Foundation as a result of historically low interest rates.

One area that remains a challenge for LAO is addressing the continuing funding pressure that LAO is facing in the area of immigration and refugee legal services. This situation has been complicated by uncertainty about the direction that the Federal Government will be taking in this area. LAO will continue to consult with service providers to find the right solution – one that maintains support for clients while addressing the cost pressures LAO faces in this area.

I continue to be most impressed by the quality of the service provided to our clients by our staff and service delivery partners. They are true professionals dedicated to social justice.

John D. McCamus,
Chair

MESSAGE FROM THE PRESIDENT

Legal Aid Ontario has been rigorously implementing its modernization strategy which is designed to serve more clients efficiently and effectively. The underlying key principle of the modernization strategy is to develop client-focused service delivery models that are mindful of the public and taxpayer interest.

LAO's strategy is getting results:

- In 2011/12, LAO, through administrative reduction and program efficiencies ended its fiscal year-end with an operating deficit of just $1.3 million compared to the $3.5 million forecasted at the beginning of the fiscal year. This is a particularly notable achievement when considering that the operating deficit at the end of 2009/10, two years prior, was $27.6 million.
- Over 1300 clients per day (nearly 300,000 annually) are taking advantage of LAO's phone-in client service centre. This service provides a range of options for clients in multiple languages and Aboriginal dialects, including legal advice, rapid referrals and speedy processing of applications for legal aid certificates. The number of certificate applications that receive same-day decisions has increased from 90% to 92% between 2010/11 and 2011/12.
- Enhanced Duty Counsel services are providing client services in increasingly more robust and effective ways so that clients can proceed with their matters more quickly.
- LAO's web site has been redesigned to provide not only more information about LAO, but to enable clients to find information that can help them advance their legal issues. In 2011/12, LAO's website was visited 813,476 times with a total of 2.85 million pages viewed. The number of visits to LAO's website has increased by 15% from 2010/11.

Other notable accomplishments this past year include:

- Implementation of Phase II of Block Fees
- Improved client contribution options and methods
- Simplified eligibility rules for certificates with minimal impact on clients
- Processed over 90% of lawyer payments in under 60 days
- Increased the percentage of LAO staff providing direct service to clients from 22% to 56%, which means that an additional 272 staff are providing direct services to clients.

In his 2011 value for money audit of LAO, The Auditor General of Ontario commented positively about LAO's modernization strategy by stating that "we feel that Legal Aid Ontario's multi-year reform strategy is heading in the right direction since it strives to improve efficiency in service delivery and make at least some level of service available to a larger number of people, while reserving more costly legal representation certificates for more serious and complex cases. This approach is consistent with its legislated mandate, recent studies of legal aid, and other reforms to make courts more efficient."

There remain a number of key challenges ahead. The Auditor General has pointed out that LAO's client financial eligibility level needs to be reviewed. LAO and many of its stakeholders are equally concerned about this matter and we look forward to working with the Province to see what can be done to improve this gateway to legal aid services. As well, there are continuing financial pressures that need to be addressed.

Also important are several issues that will dominate LAO's work in 2012/13;

- The need for LAO to review its discretionary payment criteria to ensure that these payments to certificate lawyers are both consistent with their original purpose under the legislation and helpful to the private bar as a buffer to protect them in key circumstances as they defend their clients;
- The requirement to design a new, more cost-effective way to provide appropriate legal support for refugees and also to ensure that LAO's services address the implications of the federal government's Bill C-31; and
- To continue to work with legal aid clinics and other important stakeholders which are involved in the delivery of clinic law services. LAO has recently outlined ideas on how these important services can be optimized for clients through the use of technology, lowering administrative costs and fostering economies of scale.

While important issues remain to be addressed, the legal aid system in Ontario is up to the job of being innovative, responsive and cost-effective. LAO's staff and service providers in the private bar, legal aid clinics and student legal aid services in six Ontario law schools in the province are a committed and determined group dedicated to advancing the social justice goals as mandated by the Legal Aid Services Act and doing so within the context of responsibility to and respect for the taxpayers of this province.

Robert W. Ward,
President and C.E.O.

STATUTORY MANDATE

Legal Aid Ontario has a statutory mandate to promote access to justice throughout Ontario for low-income individuals by means of:

- Providing consistently high quality legal aid services in a cost-effective and efficient manner;
- Encouraging and facilitating flexibility and innovation in the provision of legal aid services; Identifying, assessing and recognizing the diverse legal needs of low-income individuals and of disadvantaged communities in Ontario; and
- Providing legal aid services to low-income individuals through a corporation that will operate independently from the Government of Ontario but within a framework of accountability to the Government of Ontario for the expenditure of public funds.

In fulfilling this mandate Legal Aid Ontario is committed to providing services which recognize the importance of diversity, access, equity, creativity and quality.

OUR VISION

To ensure that healthy communities include responsive and meaningful legal aid services and improved access to justice.

OUR VALUES

Integrity
We act with integrity and we assume that others do so.

Respect
We practice respect in all relationships.

Responsiveness
We are responsive to clients, stakeholders and staff.
We treat people in an equitable way, recognizing their needs.

Excellence
We strive for excellence and continuous quality improvement.
We aim to attract and retain the best employees.

Independence
We are an independent part of the justice system.

Accountability
We are accountable to the government, clients, stakeholders and staff.

Openness
We are open and consultative in decision-making.

Consistency
We are consistent in our processes and decision-making. We create unity across the organization. We make decisions on the basis of facts and sound principles.

LAO BOARD OF DIRECTORS

December 2, 2011

Left to right: James N. Yakimovich, W.A. Derry Millar, Timothy John Murphy, Aly N. Alibhai, James McNee, John D. McCamus, Michelle Haigh, Nancy Cooper, John Liston, Bob Ward

Name	Title	Nomination/ Appointment	Term of Office	Lawyer (Yes/No)	Effective Date	End Date
James Yakimovich	Board Member	Attorney General	2 years + 2 years	No	June 25/08	June 24/12
W. A. Derry Millar	Board Member	Attorney General	2 years	Yes	April 18/11	April 17/13
Tim Murphy	Board Member	Law Society	2 years + 3 years	Yes	March 25/09	March 24/14
Aly N. Alibhai,	Board Member	Law Society	3 years + 2 years + 2 years	Yes	May 25/04	May 24/11 (currently serving at the pleasure of the Lieutenant Governor)
James McNee	Board Member	Attorney General	2 years + 2 years	No	June 25/08	June 24/12
John D. McCamus	Chair	Attorney General	3 years + 3 years	Yes	July 5/07	July 4/13
Michelle Haigh	Board Member	Law Society	2 years	No	April 18/11	April 17/13
Nancy Cooper	Board Member	Law Society	2 years + 3 years	Yes	February 18/09	Feb. 17/14
John Liston	Board Member	Law Society Attorney General	2 years + 2 years + 3 years	No	March 19/08	June 5/15
Bob Ward	President/CEO/Ex Officio Board Member	LAO Board of Directors	N/A		Sept. 5/06	N/A
Vacant						
Vacant						

ABOUT LEGAL AID

On April 1, 1999, LAO assumed responsibility for the administration of the legal aid system in Ontario from the Law Society of Upper Canada. Under the *Legal Aid Services Act, 1998*, LAO was established as a corporation without share capital, independent from, but accountable to, the Government of Ontario. Legal aid protects constitutional and legal rights and ensures fair and equal treatment for low-income people such as: those facing criminal charges, parents involved in child protection proceedings or seeking custody, access or financial support for themselves or their children, and refugee claimants. LAO provides consistently high quality legal aid services in a cost effective and efficient manner to low-income individuals throughout Ontario. LAO is one of the largest providers of legal services in North America. It delivers its services in four ways:

1. LAO primarily pays lawyers representing low-income Ontarians in criminal, refugee and family matters by means of the legal aid certificate system. LAO issues certificates to people who meet strict eligibility requirements. Clients use LAO certificates to retain private lawyers, who in turn bill LAO for the legal services provided to the client.
2. LAO also delivers legal aid services through a small number of Staff Offices.
3. LAO pays and manages duty counsel to provide summary advice and assistance to people appearing in court without counsel.
4. 77 independent community legal clinics assist low-income people with issues such as income maintenance and landlord/tenant disputes. LAO manages the transfer payments to clinics and monitors and supervises legal aid services provided by clinics.

Objects of LAO

The objects of the Corporation are to:

(a) establish and administer a cost-effective and efficient system for providing high quality legal aid services to low-income individuals in Ontario;

(b) establish policies and priorities for the provision of legal aid services based on its financial resources;

(c) facilitate co-ordination among the different methods by which legal aid services are provided;

(d) monitor and supervise legal aid services provided by clinics and other entities funded by the Corporation;

(e) co-ordinate services with other aspects of the justice system and with community services; about legal aid

(f) advise the Attorney General on all aspects of legal aid services in Ontario, including any features of the justice system that affect or may affect the demand for or quality of legal aid services.

LAO's Governance and Accountability

LAO 's governance structure is outlined in the *Legal Aid Services Act, 1998*. The Act identifies the agency's accountability relationship with the Province, Governance and Board Composition, areas of law where legal aid services are to be provided, methods of providing legal aid, eligibility, corporate powers, finances and administration. LAO 's administration is also governed by a Memorandum of Understanding between the Attorney General and the Chair of LAO. The purpose of the MOU is to:

- Confirm the accountability relationships between the Minister and the Agency through its Chair;
- Clarify the roles and responsibilities of the Minister, the Chair, the Deputy Minister, President and the Board;
- Establish the expectations for the operational, administrative, financial, auditing and reporting arrangements between Legal Aid Ontario and the Ministry of the Attorney General; Establish the mutual expectations of information exchange; and
- Comply with the requirement that an MOU be established under section 71 of the *Legal Aid Services Act, 1998*.

Committees and Volunteers

Advisory committees

LAO is required by provincial law to formally work with a range of advisory committees drawn from community representatives and LAO board members to provide advice on specific areas of the law, including criminal, family and clinic law. In addition to these required committees, LAO has formed others covering areas of law such as immigration and refugee, prison law, mental health, Aboriginal justice and French language services. The role of these committees is to provide advice and expertise to the LAO board of directors and to hold LAO accountable to the individuals and organizations who work most closely with the organization in the delivery of legal services to Ontario residents.

Each committee is chaired by LAO's Board Chair, and a Board liaison member is also assigned to each committee. The committees each hold two meetings per year (spring and fall).

The fall meeting is focused on an environmental scanning exercise, in which members provide input on what is going on in their areas of knowledge and expertise that LAO needs to be aware of in the coming year such as new legislation, demographic changes, client needs, or policy changes that affect provision of client service. The spring meetings are focused on a discussion of initiatives and plans that LAO is considering for inclusion in its next business plan.

The Board approves committee membership, and receives all committee minutes. Committee membership is based on a two-year term, renewable on approval by the Board (usually for one additional term, absent extenuating circumstances such as a small stakeholder pool).

Committee membership ranges from 7 -12 people; there is no set number of members required. Members are volunteers – they are recompensed for reasonable travel expenditures in accordance with LAO policies, but there is no remuneration for being an advisory committee member.

Area committees

Approximately 350 people, including lawyers and community representatives, participate on these committees across the province. Area committees hear appeals from decisions of area directors who have refused or cancelled a legal aid certificate and decide whether to issue certificates in appeal cases. LAO has improved processes and tools associated with Area Committees to ensure more efficient, consistent and high quality outcomes. There are now 9 Area Committees as well as special committees to deal with immigration and serious criminal matters, each chaired by an executive member of LAO who is also deputized as a member to ensure quorum of 3. The Chair selects the 2 committee members by District and by expertise required. Members are paid at LAO's Tier 3 rate (established for its panel lawyers) for an hour of preparation and for meeting time (usually about an hour). Approximately 10 to 12 cases are reviewed at a meeting. Special committees, most often in the GTA, involving large, expensive criminal cases or appeals, can require up to 5 hours preparation time. The Chair now exercises greater scrutiny in selecting Area Committee members with appropriate expertise and appeal work experience to ensure quality, consistent outcomes. Area Committee is required to review an appeal within 3 days of receipt (excluding appellate matters); meetings average about 1 per week and are conducted by teleconference. The applicant is notified of the decision within 5 days.

Group applications and test case committee

This is an advisory committee responsible for reviewing group applications for legal aid, applications for representation at coroners' inquests and test cases involving the *Charter of Rights and Freedoms*. The Group Applications and Test Case Committee fill an important role within LAO. Group cases, test cases and coroner's inquests often raise complex or new legal issues. As a result, expertise is needed to assess the strengths and weaknesses of the legal matter and its potential impact on low-income Ontarians.

LAO Exceptions Committee

The Exceptions Committee is a group of experienced criminal lawyers hired by LAO to provide budgetary recommendations on big criminal cases that are anticipated to cost more than $75,000. The Exceptions Committee is an integral part of LAO's Big Case Management Program.

OVERVIEW OF PROGRAMS AND ACTIVITIES

Finances

LAO receives the majority of its funding from the province of Ontario and the Law Foundation of Ontario. Funding is also derived from the Federal Government and through judgments, costs, settlements and from clients who contribute towards the cost of their legal representation. In 2011/12, LAO received funding from the following sources:

($000's)	2011/12	2010/11
Total Government Funding	$ 335,709	$ 320,810
Law Foundation of Ontario	19,101	13,397
Client Contributions	15,433	18,114
Client and Other Recoveries	358	521
Investment Income	327	268
Miscellaneous Income	730	461
	$ 371,658	**$ 353,571**

Services

Legal aid certificates

- 100,387 certificates were issued in 2010/11 and 105,547 in 2011/12.
- 4.2% increase in the cost per application taken over previous year.
- 81% of applicants received a same-day decision on their application, a 4% increase over the previous year.

Community, Specialty and SLASS clinics

- Legal Aid Ontario funds 77 community and specialty legal clinics across Ontario.
- 60 community legal clinics provided assistance to 213,816 Ontarians last year.
- 17 clinics provided specialty legal services.
- Student Legal Aid Services Societies (SLASS), located at each of Ontario's six law schools, provided assistance to the community through staff lawyers and students.
- Legal Aid Ontario provided $70.5 million in funding for poverty law services.

Duty Counsel

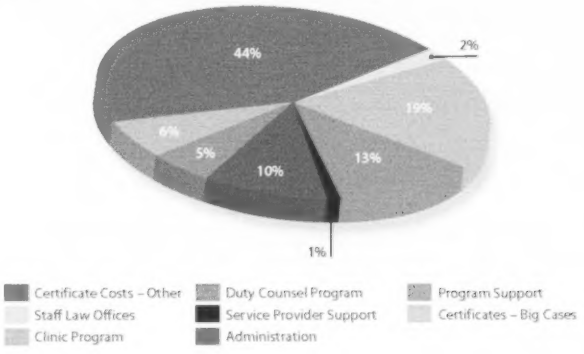
1,045,262 assists provided in 2010/11 and 1,024,795 in 2011/12 for criminal and family law matters.

Family Law Services

Six family law service centres provided assistance to low-income individuals in Toronto, North York, Newmarket, Brampton, Chatham and Sarnia, along with two Family Law Offices in Thunder Bay and Ottawa.

The chart below outlines LAO's expenditures for the 2011/112 fiscal year by program area.

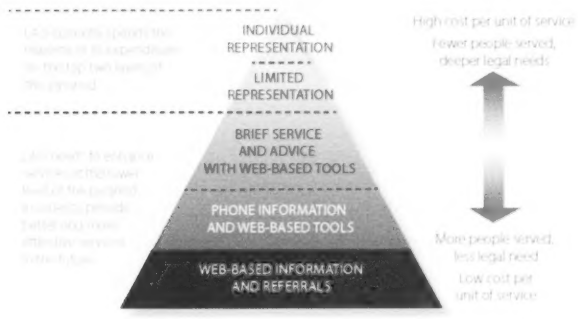
2011/12 EXPENDITURES – $373 MILLION



2011/12 IN FOCUS

Continuum of Service

Recognizing that the majority of its resources were being spent on high cost per unit services such as certificates for individual and limited representation, LAO developed a strategy to shift resources to lower cost services that better match clients' needs and can be delivered more quickly.


INDIVIDUAL REPRESENTATION
LIMITED REPRESENTATION
BRIEF SERVICE AND ADVICE WITH WEB-BASED TOOLS
PHONE INFORMATION AND WEB-BASED TOOLS
WEB-BASED INFORMATION AND REFERRALS
High cost per unit of service
Fewer people served, deeper legal needs
More people served, less legal need
Low cost per unit of service

To support the strategy LAO has focused on enhancing the use of duty counsel at courthouses, brief services and advice using web-based tools. The benefits to LAO and clients are many: increased continuity of service to clients, less duplication of work, fewer court appearances, facilitation of earlier resolutions and more efficiently run courts.

LAO has now also expanded the use of its Summary Legal Advice (SLA) through the Client Service Centre (CSC), provided family law information through the Family Law Information Program (FLIP) and made more criminal law information available through its new LawFacts.ca website. Following are descriptions of some of the accomplishments that LAO has made in these areas in 2011/12.

Duty Counsel
Legal Aid employs a combination of in-house staff lawyers and private practice lawyers, who are paid on a per diem basis, to provide criminal and family legal services to low-income people appearing in court without a lawyer. Over the past year, work has been done to ensure that the same quality and range of duty counsel services is available to clients across the province. LAO has identified a list of duty counsel baseline services which are services that are available to clients across the province. In addition, LAO has modernized court based service provision by transitioning non-lawyer staff to courthouses to cost effectively deliver transactional services so that duty counsel may focus on providing more substantive services.

Family law services
Enhanced direct service provision particularly in the area of document preparation is now available both at many court locations and at Family Law Service Centers (FLSCs). These services are provided by lawyers, supported by non-lawyer staff supervised by lawyers. FLSC staff work closely with duty counsel to provide clients with enhanced document preparation services resulting in more informed clients who are better prepared for their next court appearance. FLSCs provide a wide range of services, including full representation for all types of family law matters.

Summary Legal Advice
In 2011/12 LAO expanded the use of Summary Legal Advice (SLA) through the Client Service Centre (CSC). A legal aid staff lawyer knowledgeable in the relevant area of law is available to clients who call the CSC for up to 20 minutes of legal advice on family, criminal and immigration matters.

Over 23,000 Summary Legal Advice assists in family law were delivered in 2011/12, including: formulating an opinion and coaching the client to help themselves; assisting with forms (brief service); duty counsel; providing summary advice; referring clients to web services and public legal information; prescribing resolution strategies for issues; and dealing with certificates. A sample of 9,709 matters (all types of law) referred to the SLA revealed that only 13% resulted in the issuance of a legal aid certificate. 87% were resolved through substantive services provided by the SLA including referral to the local duty counsel or other service providers.

Family Law Information Program
In 2011/12 over 20,000 people accessed the Family Law Information Program (FLIP), which provides clear, simply written information on family law issues to those entering the family justice system.

The FLIP has been enhanced to facilitate the Mandatory Information Program. Those clients who would previously have been required to attend one of these sessions in person may, with permission from a judge, view the new FLIP online, which allows them to generate a certificate to demonstrate completion of the session.

LawFacts.ca
Launched in December 2011, LawFacts.ca makes more substantive information about the criminal legal process available online. The site offers practical information about topics such as first appearances, bail and diversion, and has a database of common forms found in criminal court. LawFacts.ca attracted over 15,000 visits in its first 4 months.

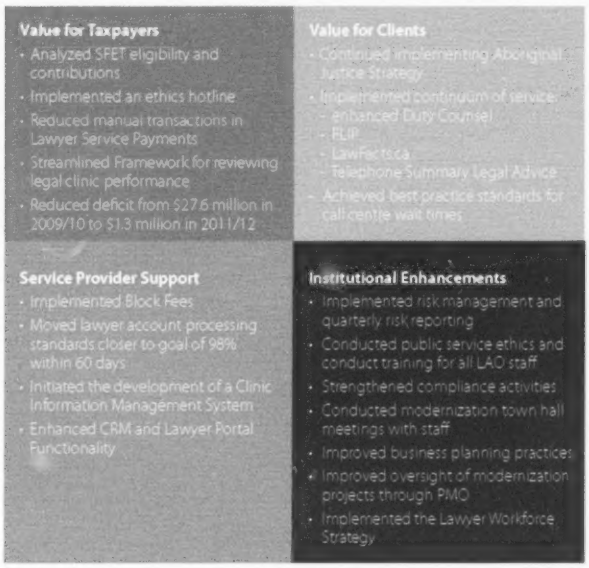
Block Fees Phase II
On May 30, 2011, LAO introduced Phase 2 of block fees, a pilot project to pay a fixed fee rather than an hourly rate for the resolution of standard criminal charges by either guilty plea, stay or the withdrawal of charges. The goal is to promote earlier resolution of cases where appropriate, reduce pressure on the court system by reducing the number of court appearances and to cut down on billing administration.

Phase 2 expanded the range of criminal charges from the previous year's pilot to include all summary conviction offences, super-summary charges, and most indictable charges. New block fees were introduced to cover proceedings such as bail hearings, bail reviews, judicial pre-trials, and charter motions. More complicated or serious matters, or matters that have been set down for trial, continue to be paid by the hourly tariff. Approximately 80% of criminal legal aid certificates are currently paid by block fee.

LAO is closely monitoring the block fee pilot and plans to undertake an independent evaluation of the project in 2012/13, examining the impact of block fees on both legal aid clients, legal aid service providers, and on the criminal justice system. This will assist LAO in determining the success of the pilot and whether future adjustments to the block fee model may be required.

2011/12 Accomplishments

LAO uses four strategic quadrants in reviewing the success of its Modernization Strategy: value for taxpayers, value for clients, service provider support, and institutional enhancements. The following accomplishments have been organized to reflect this framework.


Value for Taxpayers
• Analyzed SFET eligibility and contributions
• Implemented an ethics hotline
• Reduced manual transactions in Lawyer Service Payments
• Streamlined Framework for reviewing legal clinic performance
• Reduced deficit from $27.6 million in 2009/10 to $1.3 million in 2011/12
Value for Clients
• Continued implementing Aboriginal Justice Strategy
• Implemented continuum of service
– enhanced Duty Counsel
– FLIP
– LawFacts.ca
– Telephone Summary Legal Advice
• Achieved best practice standards for call centre wait times
Service Provider Support
• Implemented Block Fees
• Moved lawyer account processing standards closer to goal of 98% within 60 days
• Initiated the development of a Clinic Information Management System
• Enhanced CRM and Lawyer Portal Functionality
Institutional Enhancements
• Implemented risk management and quarterly risk reporting
• Conducted public service ethics and conduct training for all LAO staff
• Strengthened compliance activities
• Conducted modernization town hall meetings with staff
• Improved business planning practices
• Improved oversight of modernization projects through PMO
• Implemented the Lawyer Workforce Strategy

Value for Taxpayers

Analyzed simplified financial eligibility test (SFET)

LAO analyzed the preliminary results after introducing SFET to determine its impact on clients and on contribution agreements. The study found that more applicants with very low-incomes are now eligible for free certificates. The associated reduction in contribution agreements represents a potentially significant saving in the cost of collections.

Implemented Ethics Hotline

LAO introduced an Ethics Hotline to reduce and deter incidents of wrong-doing. The Hotline represents a compliance best practice and is available 24/7 for staff, clients, service providers and the public to confidentially phone or to report their concerns via the web.

Reduced manual transactions in Lawyers Services and Payments

The Lawyer Payments Department introduced a number of internal workflow and document management efficiencies that allow better workload management, simpler access and paper reduction for staff across the organization and for service providers using the lawyers billing portal.

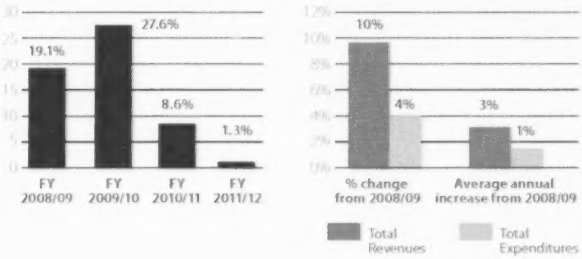
Streamlined Framework for reviewing clinics

LAO has improved how it reviews clinic operations by revising its framework and procedures for review. Advance information gathering through electronic surveys helps prioritize work once the review begins. Value for money criteria are now included and random and targeted audit of certain documents is undertaken. LAO completed 4 of these reviews in 2011/12 and is planning to do 8 per year including 2 specialty clinics.

Reduced Deficit

LAO's operating deficit has dropped from a high of $27.6 million in 2009/10 to $1.3 million in 2011/12. Cost savings in administration and changes in service delivery through the continuum of service model have contributed.

LAO'S DEFICIT



Value for Clients

Aboriginal Justice Strategy

LAO's Aboriginal Justice Strategy (AJS) developed an information campaign for clients involved in child matters which will be launched in early 2012/13. The initiative is one of AJS's ongoing initiatives to help improve legal aid services to Aboriginal people, including First Nation people, Métis people and Inuit people, regardless of whether they live on or off-reserve, are status or non-status or live in rural or urban contexts.

Achieved best practices in call wait times

In 2011/12, the Client Service Centre (CSC) maintained its standard of answering:

- 80% of Tier Level 1 calls within 3 minutes (180 seconds)
- 80% of Tier Level 2 calls within 15 minutes (900 seconds)
- 80% of Lawyer Service Centre calls within 3 minutes (180 seconds)

Callers triaged as Level 2 no longer have to wait on the line, but can enter their phone number and receive a call when the next agent is available.

Service Provider Support

Moved lawyer account processing standards closer to goal of 98% within 60 days

Over 90% of lawyer accounts are now consistently processed within 60 days. Lawyer Services and Payments continues to monitor the account inventory and is working towards processing 98% of accounts under 60 days on a sustained basis.

Initiated development of clinic information management system

LAO's initiative to implement computerized clinic reporting is underway. The CIMS project is expected to streamline administrative work, increase clinics' capacity to perform statistical reporting and develop clinic performance measures. CIMS will enhance LAO's and clinics' ability to plan strategically and will ensure that LAO has the tools to exercise appropriate oversight required under the Transfer Payment Agency Directive. The project is expected to finish in early 2013.

Enhanced CRM and Lawyer Portal accountability

LAO has begun implementing a number of business process and IT solutions that will reduce paper transactions, increase controls and support more efficient accounts processing and submission of late-billed accounts. A review of Block Fees accounts, which account for about 80% of all criminal certificates, has led to adjustments to the payment classifications and IT controls for specific criminal charges, increasing service provider compliance and enhancing LAO's monitoring ability. LAO Compliance Division has helped increase lawyers' accountability on the portal by targeting areas of risk, focusing on suspicious billing patterns and profiles and increasing activities in panel management and education.

Institutional Enhancements

Implemented risk management and risk reporting

In June 2011 LAO undertook an organization-wide education program on ethics, and risk management to support the incorporation of best practices and front line risk reporting into its operational activities. Program areas now report biannually on risk, which, combined with a quarterly senior management perspective, provide a comprehensive view of organizational challenges.

Public service ethics training

General Counsel Office conducted seminars across the province in June 2011 to reinforce employees' understanding of their ethical responsibilities as public servants under the *Public Service of Ontario Act* including their obligations regarding confidentiality, freedom of information, and privacy.

Compliance

In 2010, LAO formed a comprehensive Compliance function comprising the Audit and Compliance, Investigations and Internal Audit units, in order to achieve a coordinated, risk-based approach to addressing operational and strategic compliance issues through more targeted, analytics-driven analysis prioritized on a cost-benefit basis. In 2011/12, Compliance was responsible for identifying key portal controls and risk indicators for Block Fees.

Improved business planning and reporting practices

As part of LAO's outcomes-based approach to business planning, divisions developed business plans for 2012/13 driven by LAO's strategic goals and objectives. Training and tools were provided to help them identify key initiatives and anticipated outcomes. LAO used this information to report quarterly on its performance in 2011/12. Developing performance measures is also underway and has been completed for some programs and services such as Compliance Division and Block Fees.

Modernization Town Hall

A series of town hall meetings and surveys were held across the province to gather staff feedback about LAO's modernization. Recommendations included: more effective communication of goals, strategic direction and progress so far; more training to support implementation; and allowing sufficient implementation time and are being incorporated into divisional business plans.

Improved oversight of modernization projects through PMO

The Project Management Office provided project-level support to "at risk" projects in conjunction with the OPS – Project Management Centre of Excellence to enhance project management skills at LAO.

Continued to implement Lawyer Workforce Strategy

The Lawyer Workforce Strategy (LWS) is a tier-based system for lawyers at LAO to encourage and reward their growth within the organization and to develop the competencies of LAO's future leaders and legal specialists through rotations, diverse professional opportunities and professional training and coaching. In 2011/12, the LWS:

- hired 76 new lawyers through the LWS
- recruited 51 articling student for the 2012/13 articling year
- recruited 16 law students for summer employment in 2012
- developed and delivered procedural and substantive law training programs in both family and criminal law to LWS lawyers
- developed a transparent and robust recruitment process for the LWS
- improved internal client relationships between LWS and regional staff
- established a Talent Management Review Panel to make decisions regarding the career development of LAO staff lawyers.

REPORT ON CLIENT SERVICES

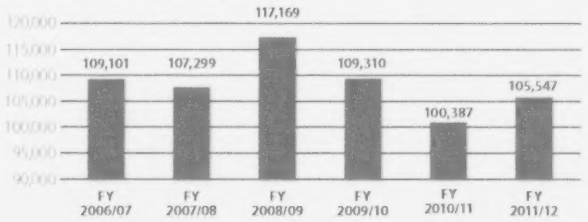
Legal Aid Certificates

In 2011/12, LAO spent $187.0 million on legal aid certificates, an increase of $9.7 million from 2010/11.

Legal aid certificates are issued by LAO staff located in district offices, court locations and through LAO's call centre to financially eligible clients who need to retain a private lawyer to represent them in proceedings before criminal or family courts and administrative tribunals, including the Immigration and Refugee Board.

When a client receives a legal aid certificate, he or she can take it to one of more than 4,000 private practice lawyers in Ontario who participate in the legal aid certificate program. When a lawyer accepts the certificate, it is their guarantee of payment for any authorized legal service they provide to the client.

NUMBER OF CERTIFICATES ISSUED



The total number of certificates issued in 2011/12 was 105,547 approximately 5.1% higher than 2010/11. This increase reflects a combination of upward and downward pressures: normalizing issuance rates as the Client Service Centre becomes more efficient; the inclusion of Block Fee certificates that under the old rules would have been treated as amendments, not new certificates; and the effects of alternate service delivery through the continuum of service.

Number of Legal Aid Certificates Issued by Category 2011/12

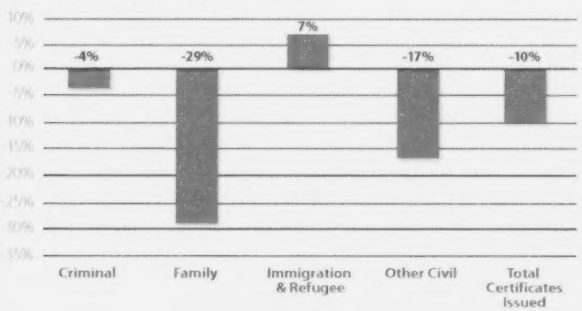
	Criminal	Family	Immigration & Refugee	Other Civil	TOTAL
Actual	65,633	21,406	13,637	4,871	105,547
Projected Demand	54,356	23,894	10,080	4,671	93,001
Difference	(11,277)	2,488	(3,557)	(200)	(12,546)
	(20.7%)	**10.4%**	**(35.3%)**	**(4.3%)**	**(13.5%)**

Comparison to Prior Years

	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	% Change from last year
Criminal	65,784	64,335	68,453	63,501	58,670	**65,633**	11.87%
Family	26,540	25,599	30,107	27,488	24,614	**21,406**	13.03%
Immigration & Refugee	11,060	11,401	12,706	12,904	12,453	**13,637**	9.51%
Other Civil	5,807	5,964	5,903	5,417	4,650	**4,871**	4.75%
Total Certificates Issued	**109,191**	**107,299**	**117,169**	**109,310**	**100,387**	**105,547**	**5.14%**

The number of family law certificates dropped in 2011/12 likely due to the introduction of Summary Legal Advice services through the CSC. Criminal certificates increased as a result of the increase in service the CSC is providing to incarcerated clients.

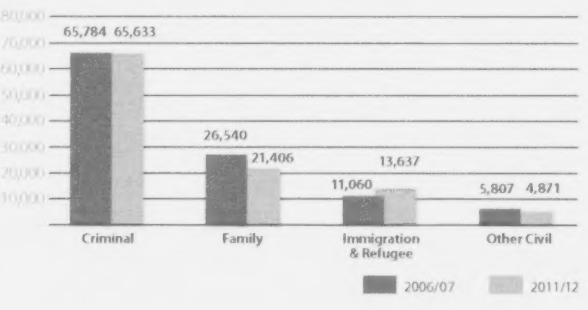
% CHANGE LAST FOUR YEARS



Distribution of Legal Aid certificates by Category

The distribution of certificates across categories has not changed significantly over the past five years.

DISTRIBUTION OF LEGAL AID CERTIFICATES BY CATEGORY



Number of Certificate Applications and Acceptance Rate

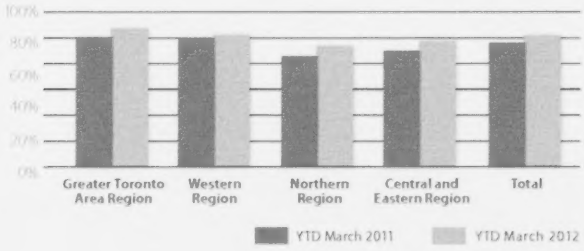
Overall, there was a 5% increase in certificate applications in 2011/12. The acceptance rate in 2011/12 was 87%.

Fiscal Year	Applications Taken	Certificates Issued	Acceptance Rate (%)
2005/06	143,226	111,018	78%
2006/07	141,757	109,191	77%
2007/08	138,614	107,299	77%
2008/09	146,537	117,169	80%
2009/10	135,496	109,310	81%
2010/11	115,101	100,387	87%
2011/12	121,264	105,547	87%
% Change from last year	5%	5%	

Same Day Decisions

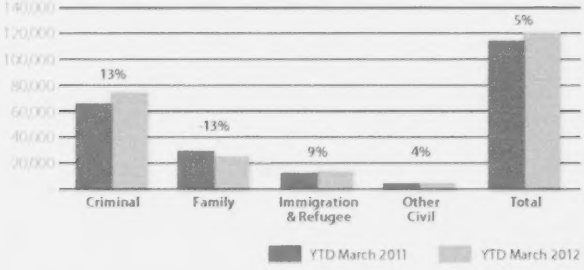
In 2011/12, 81% of new applications received a decision on the same day, an increase of 4% over the previous year.

% DECISIONS RELATED TO APPLICATIONS MADE SAME DAY



The chart below provides a summary of the changing number of certificate applications that were received by area of law.

TOTAL NEW APPLICATIONS FOR CERTIFICATES BY MAJOR AID
YTD MARCH 2011/YTD MARCH 2012

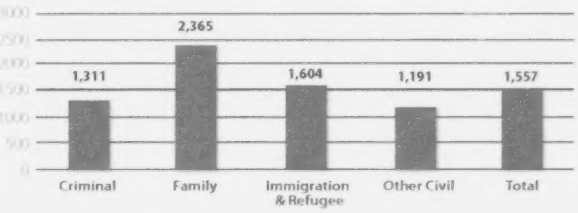


Family Law applications dropped 13%.

Cost per Certificate

The average cost per completed certificate decreased 11% in 2011/12 from $1,752 per certificate in 2010/11 to $1,557 per certificate.

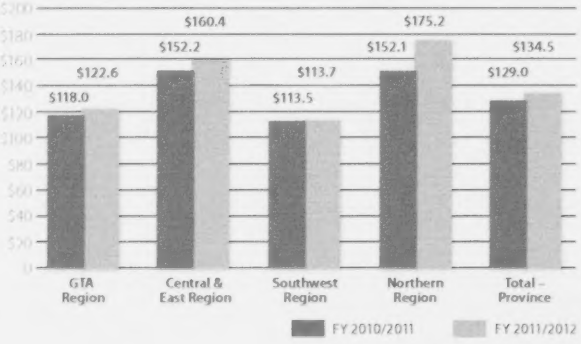
AVERAGE CERTIFICATE COST 2011/12



Cost per application taken

In 2011/12, the cost per application increased by approximately $5.5 or 4.2%.

COST PER APPLICATION TAKEN COMPARISON



Case Management and Litigation

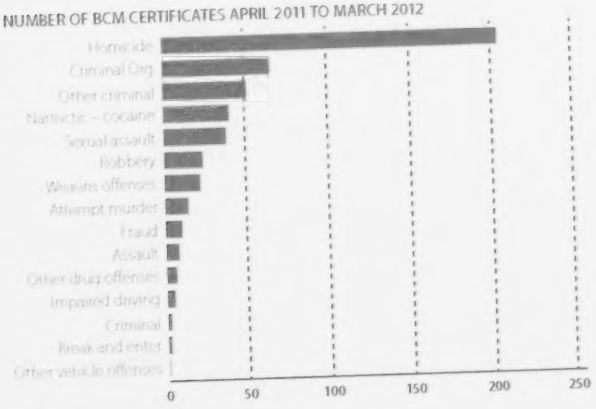
The Big Case Management (BCM) department, the Protocol Case Unit, and the Major Case Management Office were integrated into one department in 2010.

This year the BCM program enhanced service delivery by streamlining identification, intake and overall management of big cases. The result was fewer resources were required, more cases were managed, and accounts were paid more promptly. BCM was under budget by $3.5 million and managed 489 new certificates this year 42% of which were homicides. The Exceptions Committee considered 46 big case matters – those anticipated to exceed $75,000.

Under an amendment to LAO's tariff regulation, members of the new Complex Case Rate (CCR) panel were paid enhanced tier rate fees for complex criminal cases in Ontario. Since March 31st, 2012, 75 lawyers have been empanelled. Of the new 489 certificates entered into the BCM program, 171 were approved as a CCR case.

Protocol cases cost $4.9 million this year. These cases occur when an accused is unrepresented, is not eligible for legal aid, and the court orders the appointment of counsel. LAO manages such cases by securing lawyers under an agreement with the Ministry of the Attorney General (MAG).

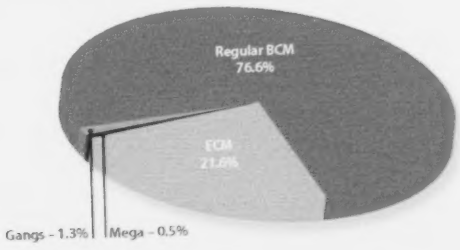
NUMBER OF BCM CERTIFICATES APRIL 2011 TO MARCH 2012



BCM Expenditures

Regular certificates (<$75,000) and Exceptions Committee certificates (>$75,000) accounted for 98.2% of the expenditure ($16.4 million and $4.6 million respectively).

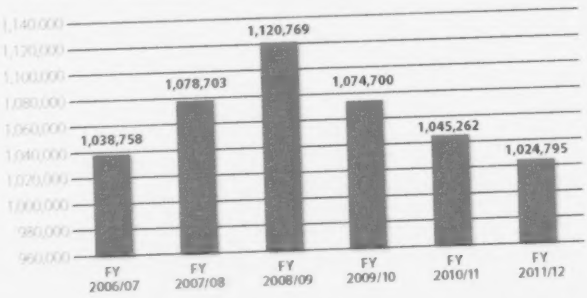
BCM EXPENDITURES (%)



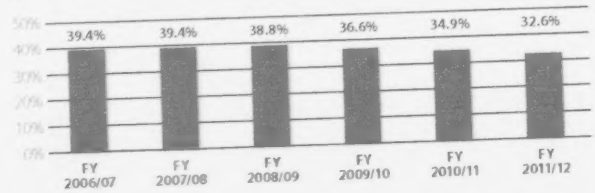
Duty Counsel

Duty counsel services are available in courthouses across Ontario, including more than 30 remote and fly-in locations. LAO spent $45.9 million in 2011/12 on duty counsel services, $2.2 million more than 2010/11.

TOTAL DUTY COUNSEL ASSISTS PROVIDED (FAMILY AND CRIMINAL)



RATIO OF ADJOURNMENTS TO TOTAL SERVICES PROVIDED



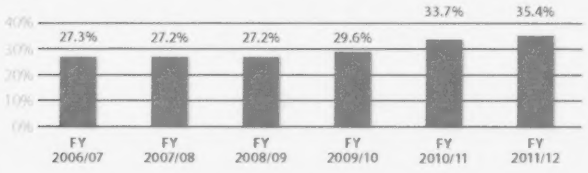
In 2011/12 LAO's duty counsel provided 1,024,795 assists to clients of which 79.0% were for criminal matters and 21.0% were for family and immigration and refugee matters. Total duty counsel assists decreased by 2.0% from 2010/11. The largest decrease in duty counsel services is seen among criminal adjournments. This change is consistent with LAO's approach for duty counsel to provide more meaningful assistance to clients. It aligns with the principles of the Justice on Target (JOT) initiative.

Total Criminal Duty Counsel Activities

Service Type	FY 2011/12
Adjournment	32.6%
Summary Advice Only	18.4%
Judicial Interim Release Preparation	11.7%
Act as Agent	7.9%
Negotiation	6.4%
Judicial Interim Release Proceedings	4.0%
Pre-Trial/Crown Resolution	2.9%
Prepare Documents	2.8%
Guilty Plea/Speak to Sentence	2.6%
Diversion/Extra Jud. Sanctions	1.9%
Preparation for Plea	1.6%
Obtain Consent Order	1.5%
Withdrawal of All Charges	1.5%
Other	4.1%
Total	**100%**

In addition, LAO has been tracking the number of dispositive assists that are provided by duty counsel. Dispositive assists help a case progress towards resolution and include any of the following: withdrawal of all charges, guilty plea, diversion, peace bond, sentence review, judicial interim release proceeding, hearing to rescind bench warrant, mental health assessment order hearing, appeal de novo and, in exceptional situations, trial. In 2011/12, the total number of dispositive assists decreased by 4% from 2010/11. However, the ratio of dispositive assists to adjournments has seen a steady increase since 2008/09 thus reducing reliance on criminal certificates.

RATIO OF CRIMINAL DUTY COUNSEL DISPOSITIVE ASSISTS TO ADJOURNMENTS



In family law, LAO introduced the provision of duty counsel services to support mediation in locations where it had not been previously offered, making these services available province-wide and supporting MAG's Family Law Initiatives. Duty counsel now provide pre and post mediation advice and in certain cases may attend at mediation. To assess the success of this initiative, LAO has been tracking the provision of services that support mediation since December of 2011.

Average Monthly Mediation Services

Service Type	Q4 2011/12
Pre-mediation advice	152
Attend mediation	8
Post-mediation advice	65

LAO's Call Centre

The Client Service Centre (CSC) structures its telephone client support in three tiers. Level 1 activities include: providing general information such as legal and financial eligibility criteria, the application process or how to contact local resources like JOT, shelters and clinics. Basic client transactions like updating the client profile can occur as well as triaging to a more appropriate service. In 2011/12, the CSC answered 280,000 Level 1 calls. 129,000 of these were immediately resolved, 109,000 were triaged to Level 2 and 42,000 were triaged to duty counsel or to a local service. Although call volumes increased 10% from an average of 5,000 calls per week to 5,500, the CSC maintained its service standard of answering 80% of calls within 3 minutes.

Level 2 activities include support for Summary Legal Advice service such as delivering specialized information and triaging more complex circumstances. Level 2 also provides urgent service for domestic violence clients and support for more complex client applications that require a full assessment. In 2011/12, 109,000 calls were received at Level 2: 66,000 services were rendered, of which 37,600 involved preparing and triaging for the Summary Legal Advice service and 5,400 were triaged to duty counsel or local services. As LAO began providing alternate services to certificate issuance through the call centre, call volumes at Level 2 increased considerably – 67% from an average of 1,500 calls per week to 2,250. To reduce the associated increased wait times, the CSC implemented more seamless training and backfilling procedures for its call centre staff. This allowed the CSC to maintain its service standard of answering Level 2 calls within 15 minutes. Callers now also have the option of entering their number in the automated system for immediate callback when the next agent is available.

Level 3 constitutes Summary Legal Advice, which includes determining legal options, assessing the risk and benefits, identifying reasonable and unreasonable claims under the law and interpreting statute and case law specific to the client's situation. In 2011/12, the CSC dealt with 23,600 family law calls, 11,000 criminal and 3,000 immigration and refugee. 51% of these SLA calls were immediately resolved and the remainder were triaged to the certificate, duty counsel or local services programs.

In addition to its call centre responsibilities in 2011/12, the CSC was able to provide support on 7,000 requests for certificate amendment.

Community Legal Clinics

Legal Aid Ontario funded 77 independent community legal clinics in 2011/12. Clinics assist low-income people with issues such as income maintenance and landlord/tenant disputes. LAO manages the transfer payments to clinics and monitors and supervises legal aid services provided by clinics. The clinic program received $67.1 million in funding in 2011/12.

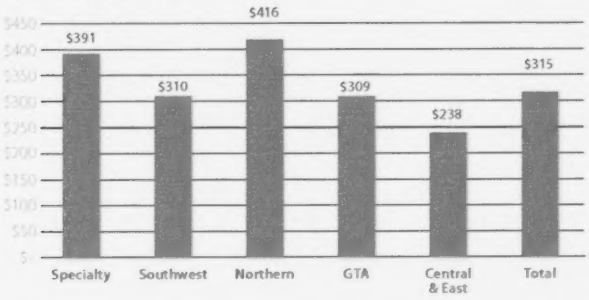
Growth in Active File at Community Clinics

The table below outlines the active files and their growth over the past 4 years.

Comparison to Prior Years

	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	% Change 2006/07 to 2011/12
Specialty	22,566	24,508	26,008	29,147	33,223	34,456	53%
Southwest	36,743	37,637	39,287	43,699	43,571	41,960	14%
Northern	16,324	14,931	15,943	16,718	16,419	17,291	6%
GTA	52,814	52,589	56,209	57,712	59,506	62,116	18%
Central & East	46,370	46,003	47,696	48,631	50,477	50,390	9%
Total	**174,817**	**175,668**	**185,143**	**195,907**	**203,196**	**206,213**	**18%**
Total Cost (000$'s)	48,293	55,225	57,628	57,189	64,874	64,882	34%
Cost/active File	276	314	311	315	319	315	14%

CLINICS COST/ACTIVE FILE



The chart above outlines the cost per active file by region. A variety of factors affect the cost per file. Further analysis will be possible once implementation of the Clinic Information Management System (CIMS) has been completed. CIMS will enable clinics and LAO to better understand the cost implications and challenges in delivering clinic services in Ontario.

Student Legal Aid Services Societies

Student Legal Aid Societies (SLASS) are funded by LAO and delivered by volunteer law students. They operate out of Ontario's six law schools to provide public legal education and to deliver legal advice and representation to low-income Ontarians who cannot afford a lawyer but do not qualify for legal aid.

Among the issues they deal with are minor criminal matters, landlord and tenant disputes, immigration issues, and workers' rights and tribunals, including the Ontario Human Rights Tribunal. Funding to SLASSs totaled $3.4 million in 2011/12. Following is a summary of activity for each SLASS.

Queen's Legal Aid – Queen's University

QLA provided free legal advice and services in the following areas of law: criminal; mental health diversion; disability; small claims; provincial; driving offences; human rights; tenant and housing rights.

University of Ottawa

The clinic performed case work in the following areas: criminal, charter rights; consumer rights, employment, human rights, and tenant and housing rights.

Downtown Legal Services (DLS) – University of Toronto

Students participated as volunteers, credit students, division leaders and members of the executive board. For eligible low-income clients, the students offer all levels of service, from public legal education, referral and self-help advice right up to representation in hearings and appeals. Areas of law include criminal, family, refugee and immigration, tenant housing law issues, academic appeals and offences, and human rights practice (in partnership with the Human Rights Legal Support Centre).

CLASP, at Osgoode Hall Law School, York University

Individual file work was performed in areas of criminal law, immigration and administrative law including social assistance, human rights and landlord and tenant. CLASP also provided social work services through the social work students placed at the clinic and under the supervision of the Community Outreach counsellor. Public legal education sessions were provided upon request.

Community Legal Services – Western University

Community Legal Services provided free legal advice and representation to the community, Fanshawe College and Western students in matters such as Small Claims Court,

Highway Traffic Act, City By-Law offences, tenant and housing rights, summary criminal conviction, academic appeals, wills and powers of attorney, dispute resolution, immigration and intellectual property.

Community Legal Aid (CLA) – University of Windsor
CLA provided public legal education, referral and self-help advice as well as representation in hearings and appeals to residents of Windsor-Essex County area and university undergraduates in the following areas of law: highway traffic and provincial offences, landlord and tenant, summary criminal convictions with no jail time, small claims court, academic integrity and misconduct, and commissioning and notarizing.

CRO/ LAO Law

Legal Aid Ontario provides support to the private bar and community legal clinics through two research/litigation support departments: LAO Law, and the Clinic Resource Office. Staffed by lawyers who are subject matter experts, the two departments respond to requests from members of the private bar and community legal clinics for specialized research in individual cases, as well as providing access to web-based memoranda of law and a wide range of other litigation supports that would otherwise be either unavailable altogether (decisions by tribunals are often not published) or would have to be undertaken individually by the lawyer/paralegal or purchased through a commercial provider. These departments provide a cost-effective, efficient service that saves duplication of effort across LAO's 4,000 certificate lawyers and 77 community legal clinics, and ensures a high quality product.

Client Satisfaction

LAO has conducted an annual client satisfaction survey for the past six years to help it determine the impact that LAO services have on clients and the justice system. LAO is in the process of conducting its 2011/12 survey.

LEGAL AID ONTARIO
FINANCIAL STATEMENTS

For the year ended March 31, 2012

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Management's Statement of Responsibility

The Management of Legal Aid Ontario is responsible for the preparation, presentation and integrity of the accompanying financial statements, Management's Discussion and Analysis and all other information contained in this Annual Report. This responsibility includes the selection and consistent application of appropriate accounting principles and methods in addition to making the judgements and best estimates necessary to prepare the financial statements in accordance with Canadian generally accepted accounting principles, with appropriate consideration to materiality. The significant accounting policies followed by Legal Aid Ontario are described in the financial statements.

Management has developed and maintains a system of internal control, business practices and financial reporting to provide reasonable assurance that assets are safeguarded and that relevant and reliable financial information is produced on a timely basis. Internal auditors, who are employees of Legal Aid Ontario, review and evaluate internal controls on management's behalf.

The Board of Directors of Legal Aid Ontario ensures that management fulfils its responsibilities for financial information and internal control through an Audit and Finance Committee. This Committee meets regularly with management and the auditor to discuss internal controls, audit findings and the resulting opinion on the adequacy of internal controls, and the quality of financial reporting issues. The auditors have access to the Audit and Finance Committee, without management present, to discuss the results of their work.

The accompanying financial statements have been examined by the Office of the Auditor General of Ontario. The Auditor General's responsibility is to express an opinion on whether the financial statements are fairly presented in accordance with Canadian generally accepted accounting principles. The Auditor's Report outlines the scope of the Auditor General's examination and opinion.

Robert W. Ward
President and
Chief Executive Officer

June 5, 2012

Michelle Séguin
Chief Administrative Officer
and Vice President

June 5, 2012

Office of the Auditor General of Ontario
Bureau du vérificateur général de l'Ontario

Independent Auditor's Report

To Legal Aid Ontario
and to the Attorney General of Ontario

I have audited the accompanying financial statements of Legal Aid Ontario, which comprise the balance sheet as at March 31, 2012, and the statements of operations and changes in net accumulated deficit and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Opinion

In my opinion, these financial statements present fairly, in all material respects, the financial osition of Legal Aid Ontario as at March 31, 2012 and the results of its operations, and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

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www.auditor.on.ca

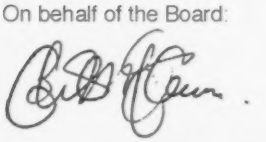
Toronto, Ontario
June 5, 2012

Jim McCarter, FCA
Auditor General
Licensed Public Accountant

Legal Aid Ontario
Balance Sheet

March 31	2012 ($000's)	2011 ($000's)
ASSETS		
Current		
Cash and cash equivalents (Note 2)	$ 9,866	$ 6,568
Short-term investments (Note 4)	12,131	16,589
Prepaid expenses	1,382	1,271
Client accounts receivable (Note 3(a))	13,458	11,475
Other receivables (Note 3(b))	11,725	13,789
	$ 48,562	$ 49,692
Long-term client accounts receivable (Note 3(a))	25,918	22,222
Capital assets (Note 5)	4,785	5,124
	$ 79,265	$ 77,038
LIABILITIES AND NET DEFICIT		
Accounts payable and accrued liabilities (Note 6)	$ 87,715	$ 83,965
Deferred capital contributions (Note 7)	-	21
Deferred grants and contributions (Note 8)	4,736	5,000
Accrued pension benefit (Note 12)	616	569
	$ 93,067	$ 89,555
Net Deficit		
Net accumulated deficit (Note 1(c))	$ (18,587)	$ (17,620)
Invested in capital assets (Note 9)	4,785	5,103
	$ 79,265	$ 77,038

On behalf of the Board:



_____ Chair

Legal Aid Ontario
Statement of Operations

For the year ended March 31	2012 ($000's)	2011 ($000's)
REVENUE		
Total Government Funding (Note 1(a))	$ 335,709	$ 320,810
The Law Foundation of Ontario	19,101	13,397
Client contributions	15,433	18,114
Client and other recoveries	358	521
Investment income (Note 4)	327	268
Miscellaneous income	730	461
TOTAL REVENUE	$ 371,658	$ 353,571
EXPENSES		
Client Programs		
Certificate Program		
Criminal - Big Cases	$ 22,715	$ 23,160
Criminal - Others	86,063	80,775
Sub-total	108,778	103,935
Family	50,633	49,250
Immigration and refugee	21,875	18,768
Other civil	5,803	5,459
Sub-total	187,089	177,412
Settlement conferences	144	105
Family law offices	5,058	4,092
Criminal law offices	789	652
Refugee law office	1,177	1,172
Nishnawbe-Aski legal services corporation	1,729	1,479
Sub-total	195,986	184,912
Duty Counsel Program		
Duty counsel fees and disbursements	44,782	42,791
Expanded duty counsel	1,145	940
Sub-total	45,927	43,731
Clinic Program and Special Services		
Clinic law services (Note 10)	67,064	65,204
Student legal aid societies	3,433	3,295
Clinic information management project	265	-
Sub-total	70,762	68,499
Service Innovation Projects		
Other	507	682
Sub-total	507	682

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

Legal Aid Ontario
Statement of Operations
(Continued)

For the year ended March 31	2012 ($000's)	2011 ($000's)
EXPENSES (continued)		
Program Support		
Regional operations	**1,595**	1,693
District/Area office services	**11,521**	10,601
Client service center	**5,347**	4,678
Sub-total	**18,463**	16,972
TOTAL CLIENT PROGRAMS	**$ 331,645**	$ 314,796
Service Provider Support		
Research facility	**3,312**	3,480
Lawyers services and payments	**1,903**	1,795
Sub-total	**5,215**	5,275
Administrative and Other Costs		
Provincial office	**29,722**	25,856
Amortization expense	**2,160**	3,757
Bad debt expense	**4,201**	12,479
Sub-total	**36,083**	42,092
TOTAL EXPENDITURES	**$ 372,943**	$ 362,163
Deficiency of revenue over expenses for the year	**$ (1,285)**	$ (8,592)

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

Legal Aid Ontario
Statement of Changes in Net Accumulated Deficit

For the year ended March 31, 2012

	Invested in capital assets (Note 9)	Accumulated deficit (Note 1(c))	2012 Total ($000's)	2011 Total ($000's)
Net accumulated deficit, beginning of year	$ 5,103	$ (17,620)	$ (12,517)	$ (3,925)
Deficiency of revenue over expenses	(2,139)	854	(1,285)	(8,592)
Investment in capital assets	1,821	(1,821)	-	-
Net accumulated deficit, end of year	$ 4,785	$ (18,587)	$ (13,802)	$ (12,517)

Legal Aid Ontario
Statement of Cash Flows

For the year ended March 31	2012 ($000's)	2011 ($000's)
Cash provided by (used in)		
OPERATING ACTIVITIES		
Deficiency of revenue over expenses for the year	$ (1,285)	$ (8,592)
Adjustments to reconcile deficiency of revenue over expenses to net cash provided by operating activities:		
Amortization of capital assets	2,160	3,757
Amortization of deferred capital contributions	(21)	(232)
Employer pension contributions	(2,349)	(2,251)
Pension expense	2,396	1,407
Changes in non-cash working capital balances:		
Client accounts receivable	(1,983)	1,887
Other receivable	2,064	(2,377)
Prepaid expenses	(111)	(19)
Accounts payable and accrued liabilities	3,750	(12,234)
Accrued interest on investments	(42)	(30)
Deferred grants and contributions	(264)	(580)
Long-term client accounts receivable	(3,696)	972
	$ 619	$ (18,292)
INVESTING ACTIVITIES		
Purchase of capital assets	$ (1,821)	$ (648)
Redemption of investments	4,500	5,500
	$ 2,679	$ 4,852
Net increase (decrease) in cash and cash equivalents during the year	3,298	(13,440)
Cash and cash equivalents, beginning of year	6,568	20,008
Cash and cash equivalents, end of year	$ 9,866	$ 6,568

Legal Aid Ontario
Summary of Significant Accounting Policies

March 31, 2012

NATURE OF OPERATIONS

On December 18, 1998, the Ontario Legislative Assembly enacted the *Legal Aid Services Act, 1998* whereby Legal Aid Ontario (the "Corporation") was incorporated without share capital under the laws of Ontario. The Corporation began operations on April 1, 1999 and is tax exempt under the Income Tax Act (Canada).

The *Legal Aid Services Act, 1998* establishes the following mandate for the Corporation:

- To promote access to justice throughout Ontario for low-income individuals by providing high quality legal aid services
- To encourage and facilitate flexibility and innovation in the provision of legal aid services
- To recognize the diverse legal needs of low-income individuals and disadvantaged communities
- To operate within a framework of accountability for the expenditure of public funds

The affairs of the Corporation are governed and managed by a Board of eleven Directors appointed by the Lieutenant Governor in Council. While the Corporation operates independently from the Province of Ontario and the Law Society of Upper Canada, it is accountable for the expenditure of public funds and for the provision of legal aid services in a manner that both meets the needs of low-income individuals and is cost-effective and efficient.

BASIS OF ACCOUNTING

The Corporation follows the deferral method of accounting for contributions.

Accumulated surplus (deficit) represents the excess (deficiency) of revenue over expenses related to the Corporation's program delivery and administrative activities.

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles.

REVENUE RECOGNITION

Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue if the amount to be received can be reasonably estimated and collection is reasonably assured. Due to uncertainty surrounding the amounts to be billed, client contributions are recognized as revenue when the Corporation accrues a lawyer's invoice on behalf of a client. Judgments, costs and settlements are recognized as revenue when awarded.

EXPENSE RECOGNITION

Expenses are recognized on an accrual basis. Certificate program costs include amounts billed to the Corporation by lawyers and an estimate of amounts for work performed by lawyers but not yet billed to the Corporation.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash on hand and balances with banks plus highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value with original maturities of three months or less.

FINANCIAL INSTRUMENTS

The Corporation has designated all of its investments as Available for Sale recorded at fair value. Transaction costs related to the purchase of investments are capitalized and costs related to the sale of investments are expensed in the year incurred. Changes in fair value are treated as an increase or decrease in the statement of changes in net accumulated deficit. Fair values for investments are valued at year-end quoted market prices.

The Corporation has designated client accounts receivable as loans and receivables and carries them at amortized cost using the effective interest rate method.

The Corporation has designated its cash and cash equivalents as Held-For-Trading and carries them at fair value. Accounts payable and accrued liabilities are designated as Other Liabilities and are also carried at fair value. The fair value of cash and cash equivalents, accounts payable and accrued liabilities approximate their face value due to the short-term nature of these accounts.

The Corporation has adopted the Canadian Institute of Chartered Accountants' ("CICA") Handbook Section 3861, Financial Instruments - Disclosure and Presentation, in accordance with the Accounting Standards Boards' decision to exempt not-for-profit organizations from the disclosure requirements with respect to financial instruments contained within Section 3862, Financial Instruments - Disclosures, and Section 3863, Financial Instruments - Presentation.

CAPITAL ASSETS

Capital assets are recorded at cost less accumulated amortization. Amortization is provided on the straight-line basis over the estimated useful life of the asset as follows:

Furniture and office equipment	- 5 years
Computer hardware and software	- 3 years
Custom-designed software	- 3 years
Enterprise-wide software	- 7 years
Leasehold improvements	- over the term of lease

DEFERRED CAPITAL CONTRIBUTIONS

Deferred capital contributions, related to the funding received for the acquisition of capital assets, represents the unamortized portion of contributions used for the acquisition of capital assets and any unspent amounts. Amortization of the deferred capital contribution is provided on the same basis as the related asset.

PENSIONS

Substantially all of the Corporation's employees are enrolled in a defined contribution plan. The cost of pension benefits for defined contribution plans are charged to operations as contributions become due. The Corporation also has five employees enrolled in a defined benefit plan. The cost of pension benefits earned by the employees covered by the defined benefit plan is actuarially determined using the projected benefit method prorated on service and management's best estimate of expected plan investment performance, salary escalation, terminations and retirement ages of plan members. Adjustments for plan amendments, changes in assumptions and actuarial gains and losses are recorded in the statement of operations over the expected average remaining service life of the employee group which is approximately 7 years.

USE OF ESTIMATES

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future. Significant estimates in the financial statements include the allowance for accounts receivable, accruals related to legal work performed but not yet billed and accrued pension benefits.

FUTURE CHANGES IN ACCOUNTING POLICIES

In September 2010, the Public Sector Accounting Board (PSAB) released the accounting standards impacting future financial reporting for government organizations. As a result, under these standards, government not-for-profit organizations can apply public sector rules contained in the Public Sector Accounting (PSA) handbook with or without the PS4200 series standards. The Corporation's Board of Directors has elected to use the PS4200 series standards. These standards are effective for the fiscal year beginning April 1, 2012. The Corporation is currently evaluating the impact of these standards.

March 31, 2012

1. Government Funding

Section 71 of the *Legal Aid Services Act, 1998* requires the Corporation and the Attorney General of Ontario to enter into a Memorandum of Understanding ("MOU") every five years. The purpose of the MOU is to clarify the operational, administrative, financial, and other relationships between the Attorney General and the Corporation.

The most recent Memorandum of Understanding was signed on December 10, 2008. The agreement is effective for five years and expires on December 10, 2013.

(a) The Corporation is economically dependent on the Province of Ontario, and contributions recognized from the Province were allocated as follows:

	2012 ($000's)	2011 ($000's)
Contributions	**$ 335,688**	$ 320,578
Amortization of deferred capital contributions (Note 7)	**21**	232
	$ 335,709	$ 320,810

Included in the transfer payment of $335.7 million is an additional $15.0 million (2011 - $15.0 million) received from the Province as part of a governmental LAO Revitalization initiative that will result in a total of $60.0 million in additional permanent funding being provided to LAO by 2013.

(b) Included in contributions from the Province of Ontario for the year ended March 31, 2012 is an amount of $53.8 million (2011 - $53.1 million) representing an allocation of funds from a lump sum transfer by the Federal Government to the Province in connection with criminal law, the Youth Criminal Justice Act, Immigration and Refugee expenditures for unique pressures through a cost-sharing arrangement.

(c) Subsection 66(3) of the *Legal Aid Services Act, 1998* allows the Corporation to designate any surplus or deficit in a fiscal year to either or both of the two subsequent fiscal years with the approval of the Attorney General, unless under Subsection 69(2) it is ordered by the Minister of Finance to pay its surplus into the Consolidated Revenue Fund.

2. Cash and Cash Equivalents

The Corporation has an operating line of credit in the amount of $5.0 million to cover temporary bank overdrafts. This facility remained unused at March 31, 2012. The credit facility bears interest at the prime rate and is unsecured.

3. Accounts Receivable

(a) Client Accounts Receivable

	2012 ($000's)	2011 ($000's)
Total Client accounts receivable	$ 86,205	$ 87,082
Less: Allowance for bad debts	(46,829)	(53,385)
Client accounts receivable (net)	$ 39,376	$ 33,697
Represented by		
Current client accounts receivable	13,458	11,475
Long-term client accounts receivable	25,918	22,222
	$ 39,376	$ 33,697

The Corporation has a client contribution program for legal aid applicants who do not meet the Corporation's financial eligibility requirements for a non-contributory certificate. These applicants receive the assistance they need by entering into a contribution agreement, by which they undertake to repay the Corporation over time for the services provided to them. Contribution agreements may include monthly payments and/or liens on property.

(b) Other receivables

Other receivables are mainly comprised of amounts due from the Law Foundation of Ontario, Canada Revenue Agency and both the Federal and Provincial governments for protocol cases. A portion of Legal Aid's revenue is received from the Law Foundation of Ontario and this receivable represents the outstanding amount at year end. Amounts due from Canada Revenue Agency represents HST refunds outstanding as at year end. Protocol legal cases are administered by Legal Aid on behalf of both the Federal Department of Justice (DOJ) and the Ontario Ministry of the Attorney General (MAG); these receivables represent the outstanding amounts at year end.

	2012 ($000's)	2011 ($000's)
The Law Foundation of Ontario	$ 1,559	$ 2,364
HST receivables	5,206	6,135
MAG protocol cases receivables	2,684	2,785
DOJ protocol cases receivables	1,492	1,742
Other receivables	784	763
	$ 11,725	$ 13,789

4. Investments

	2012 ($000's) Fair Value	2011 ($000's) Fair Value
Guaranteed investment certificates	**$ 12,000**	$ 16,500
Accrued interest	**131**	89
	$ 12,131	$ 16,589

The Corporation has developed an investment policy in accordance with the statutory requirements outlined in Sections 7(1), 7(2), 7(3) and 7(4) of Ontario Regulation 107/99 made under the *Legal Aid Services Act, 1998*. The Corporation's short-term and long-term investment policy is to invest in highly liquid investments in Canadian federal government securities, Canadian provincial government securities or other guaranteed investment certificates issued or guaranteed by Canadian financial institutions with a rating of A or above. The investments held by the Corporation as at March 31, 2012 are in compliance with the statutory requirements. The Corporation earned total investment income of $ 0.327 million in 2012 (2011 - $0.268 million).

The Corporation's investment portfolio is exposed to various risks, which are mitigated by the type of investments and therefore risk is low. The associated risks with the investments are as follows:

(a) Interest rate risk:
The value of fixed income securities will generally rise if interest rates fall and decrease if interest rates rise. The fixed income investments consist of $12.0 million (2011 - $16.5 million) invested in guaranteed investment certificates, bearing interest rates of 1.20% (2011 - 0.50% and 1.15%) and maturing on April 8, 2012 and September 14, 2012 (2011 - April 8, 2011 and September 16, 2011).

(b) Liquidity risk:
Liquidity risk is the ease with which an organization can readily convert their investments into cash. Guaranteed investment securities represent instruments in highly liquid investments that are readily converted into known amounts of cash.

(c) Market risk:
Market risk arises as a result of trading fixed income securities. Fluctuation in the market exposes the Corporation to a risk of loss. Given the composition of the investment portfolio and the statutory requirements regarding investment decisions, market risk is low.

March 31, 2012

5. Capital Assets

	2012 ($000's)		2011 ($000's)	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Furniture and office equipment	$ 891	$ 576	$ 1,015	$ 558
Computer hardware and software	2,537	887	14,627	13,858
Custom-designed software	39	36	39	23
Enterprise-wide software	15,628	15,628	15,628	14,904
Leasehold improvements	4,535	1,718	7,871	4,713
	$ 23,630	$ 18,845	$ 39,180	$ 34,056
Net book value		$ 4,785		$ 5,124

6. Accounts Payable and Accrued Liabilities

	2012 ($000's)	2011 ($000's)
Legal accounts - accruals for billings received but not paid	$ 21,610	$ 18,699
- estimate of work performed but not yet billed	57,303	56,186
Rent inducements	1,357	1,569
Trade and other payables	6,477	6,685
Vacation pay	968	826
	$ 87,715	$ 83,965

At year end, management estimates the liability for work performed by private lawyers that has not yet been billed to the Corporation to be approximately $57.3 million (2011 - $56.2 million).

March 31, 2012

7. Deferred Capital Contributions

Changes in capital contributions relating to Province of Ontario funded projects are as follows:

	2012 ($000's)	2011 ($000's)
Balance, beginning of year	$ 21	$ 253
Amortization of deferred capital contributions (Note 1(a))	(21)	(232)
Balance, end of year	$ -	$ 21

8. Deferred Grants and Contributions

The corporation has received the following funds from The Law Foundation of Canada for future projects:

	Deferred Contributions ($000's)	Deferred Grants ($000's)	Total ($000's)
Balance March 31, 2011	$ 5,000	$ -	$ 5,000
Allocated to specific projects	(3,250)	3,250	-
Amounts recognized as revenue	-	(264)	(264)
Balance March 31, 2012	$ 1,750	$ 2,986	$ 4,736

9. Changes in Net Assets Invested in Capital Assets

	2012 ($000's)	2011 ($000's)
Balance, beginning of year	$ 5,103	$ 7,980
Amortization	(2,160)	(3,757)
Amortization of deferred contributions	21	232
Purchase of capital assets	1,821	648
Balance, end of year	$ 4,785	$ 5,103
Represented by		
Capital assets (Note 5)	$ 4,785	$ 5,124
Deferred capital contributions (Note 7)	-	(21)
	$ 4,785	$ 5,103

10. Clinic Law Services

The Corporation provides funding to community clinics enabling them to provide poverty law services to the community they serve on a basis other than fee for service. The community clinics are organizations structured as corporations without share capital and are governed and managed by a board of directors. Community Clinics are independent from, but accountable to, the Corporation under Sections 33 to 39 of the *Legal Aid Services Act, 1998*. Each community clinic is independently audited and is required to provide audited financial statements to the Corporation for the funding period.

The total funding to community clinics consists of direct funding transfers and the cost of centrally provided support services.

	2012 ($000's)	2011 ($000's)
Payments to and on behalf of clinics	**$ 67,064**	$ 65,204

11. Commitments and Contingencies

(a) The Corporation issues certificates to individuals seeking legal aid assistance. Each certificate issued authorizes legal services to be performed within the tariff guidelines. At March 31, 2012 management estimates that a potential $50.4 million (2011 - $49.7 million) could still be incurred on certificates issued on or before March 31, 2012 over and above the billings received to date and management's estimate of work performed but not yet billed.

(b) The Corporation leases various office premises and equipment throughout the Province. The base rent and estimated operating costs based on prior period information under these leases for the next five years and thereafter are approximately as follows:

	Base Rent ($000's)	**Operating Cost** ($000's)	**Total** ($000's)
2013	$ 1,786	$ 2,273	$ 4,059
2014	1,514	2,054	3,568
2015	1,380	1,962	3,342
2016	1,249	1,867	3,116
2017	1,123	1,779	2,902
Thereafter	1,624	2,637	4,261
	$ 8,676	$ 12,572	$ 21,248

11. Commitments and Contingencies (continued)

(c) The Corporation is the defendant in a number of lawsuits arising in the ordinary course and conduct of business. The outcome and ultimate disposition of these actions are not likely to be significant and are not determinable at this time. Losses, if any, will be accounted for in the period of settlement.

Some of the above lawsuits are covered by insurance after the application of a deductible of up to $5 thousand, depending on when the event of the claim occurred and the nature of the claim.

12. Pensions

The Corporation has a pension plan to provide retirement benefits for its employees. The plan has effectively two plans, there is a registered defined contribution with a defined benefit component and non-registered supplementary (executive) plan.

Defined Contribution Component

The defined contribution component of the plan covers 741 (2011 - 694) employees. The Corporation makes pension contributions to the defined contribution component of the plan which is limited to making regular payments to match the amount contributed by the employees for current service. The Corporation's pension expense for the year relating to this component of the plan was $2.176 million (2011 - $2.028 million).

Defined Benefit Component

The defined benefit component of the plan covers five (2011 - 7) participants. Under this benefit plan, benefits at retirement are related to years of service and remuneration during the years of employment. It is subject to actuarial valuations for funding purposes at intervals of not more than three years. The latest actuarial valuation was performed as of January 2011. The Corporation makes pension contributions to this component of the plan in amounts recommended by the actuary.

The significant actuarial assumptions adopted in measuring the accrued benefit obligation and expense for the period are as follows:

	2012	2011
Accrued benefit obligation as of March 31:		
Discount rate	4.00%	5.60%
Rate of compensation increase	4.00%	4.00%
Benefit expense for year ended March 31:		
Discount rate	5.60%	5.75%
Expected long-term rate of return on plan assets	5.00%	6.00%
Rate of compensation increase	4.00%	4.00%

12. Pensions (continued)

The reconciliation of the funded status of the defined benefit component of the plan to the amounts recorded in the financial statements of the Corporation is as follows:

	2012 ($000's)	2011 ($000's)
Accrued benefit obligation	$ 3,735	$ 3,276
Fair value of plan assets	3,233	3,341
Funded status plan surplus (deficiency)	(502)	65
Balance of unamortized amounts	970	232
Accrued benefit asset	468	297
Pension expense	1	10
Pension contributions		
Employees	13	20
Corporation	173	104
Pension benefits paid	349	67

Supplementary Executive Benefit Plan

The Board of the Corporation has also approved the establishment of a supplementary pension benefit plan for designated executive members. Under the supplementary pension benefit plan, benefits at retirement are related to years of service and remuneration during the years of employment. The Plan is unfunded and the benefits will be paid by the Corporation as they become due. The accounting valuation for the unfunded retirement plan has been performed as at March 31, 2012.

The significant actuarial assumptions adopted in measuring the accrued benefit obligation and expense for the period are as follows:

	2012	2011
Discount rate	5.00%	6.00%
Inflation	2.50%	3.00%

The Corporation's pension expense for the year was $0.218 million (2011 - $(0.631) million income); the pension accrued benefit obligation as at March 31, 2012 was $1.114 million (2011 - $0.650 million); and the accrued benefit liability as at March 31, 2012 was $1.084 million (2011 - $0.866 million). During the year, the Corporation made no payments to the plan (2011 - $0.119).

March 31, 2012

13. Contingency Reserve

Section 66(4) of the Legal Aid Services Act, 1998, requires the Corporation to maintain a contingency reserve fund as prescribed by section 6 of Ontario Regulation 107/99. This fund was established on April 1, 1999 with a balance of $20 million which was funded by the Corporation. The Regulation also requires the Corporation to obtain advance approval from the Attorney General for any withdrawal beyond $5 million of this capital amount and for the Corporation to provide an explanation of why the withdrawal is needed, a schedule for repayment, and a statement of the Corporation's plans for preventing a similar need from arising in future. During fiscal 2011, with the approval of the Attorney General, the Corporation withdrew $10 million from the fund which was applied against the accumulated deficit. The Corporation's 2011/12 business plan makes provision for the replenishment of the fund in future years.

	2012 ($000's)	2011 ($000's)
Balance, beginning of year	$ -	$ 10,000
Transfer to accumulated surplus	-	(10,000)
	$ -	$ -

Capital Management

In managing capital, the Corporation focuses on liquid resources available for operations. The Corporation's objective is to have sufficient liquid resources to continue operating despite adverse financial events and to provide it with the flexibility to take advantage of opportunities that will advance its purposes. The need for sufficient liquid resources is considered in the preparation of an annual budget and in the monitoring of its cash flows and actual operating results compared to the budget. As at March 31, 2012, the Corporation has met its objective of having sufficient liquid resources to meet its current obligations.

MANAGEMENT DISCUSSION AND ANALYSIS

The Management Discussion and Analysis is intended to assist readers in understanding the operating results and financial position of Legal Aid Ontario as well as its strategic direction regarding the provision of services in the future.

This report should be read in conjunction with LAO's audited financial statements for the year ended March 31, 2012, prepared in accordance with Canadian generally accepted accounting principles, and the accompanying notes, which form a part of those statements.

LAO's Modernization Strategy

In 2007, LAO established a Modernization Strategy with the objective of serving more clients more effectively and efficiently. The October 2008 economic collapse and the resulting decrease in Law Foundation of Ontario (LFO) revenues, from a high of $56.4 million in 2007/08 to a low of $4.8 million in 2009/10, required LAO to speed up the Modernization Strategy to eliminate its deficit. Since then, over $40 million in savings have been achieved.

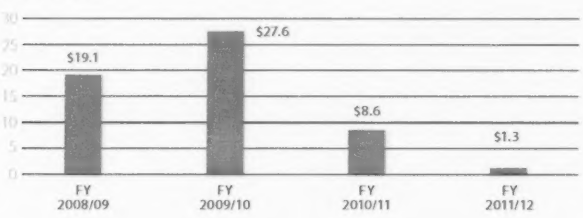
The main objectives of LAO's Modernization Strategy are:

- Live within financial resources
- Reduce administration costs
- Use alternative service delivery models like Summary Legal Advice and the Client Service Centre to improve services, make it easier for clients to access LAO services and assist service delivery providers
- Support Justice On Target.

LAO is on track to meet these objectives demonstrated through the following:

- LAO is on track to balance its annual operating budget. For 2011/12 fiscal year, LAO's deficiency of revenue over expenses was $1.3 million; Reduced from $27.6 million in 2009/10;

LAO'S DEFICIT



This was achieved by:

- Reducing administration costs by $25 million (or by 45%, from 17.8% to 9.7%) through the reconfiguration of 52 area offices focused mostly on administration activities to 9 district offices focused on client service;
- Increasing the per cent of LAO staff providing direct service to clients from 22% to 56%, which means that an additional 272 staff are providing direct services to clients;
- Changing LAO's service delivery model to serve clients through a continuum of service to provide services more effectively by matching services with the clients' needs thereby reducing the number of certificates issued, but at the same time improving access and speed of services to clients through the implementation of a new call centre (Client Service Centre), enhanced duty counsel services in courts and new family mediation services.

Though LAO is on its way to balancing its annual operating budget, LAO still has current and future financial challenges to address:

- LAO has an accumulated deficit (or debt) of $18.6 million which is adding pressure to its cash position, Law Foundation Revenues are still predicted to remain at current levels,
- There are no guarantees that LAO's transfer payment from the Government of Ontario will remain at current level given the Government objective to balance its annual operating deficit by 2017/18 and
- The funding for the outbound tariff increases remain uncertain.

To ensure that LAO becomes financially stable, LAO is:

- reducing its reliance on Law Foundation of Ontario revenues to fund ongoing programs – any excess revenues would go to pay down LAO's debt which will in turn improve LAO's cash position; and,
- continuing to find efficiencies within its programs and improve client services through the reduction in administration costs and the use of technology.

New Investment Funding

- In 2009, the Government of Ontario approved $150 million over four years as follows:
  - $15 million in 2009-10;
  - $30 million in 2010-11;
  - $45 million in 2011-12; and,
  - $60 million in 2012-13 and ongoing

- The Agreement between the Ministry of the Attorney General, Criminal Law Association and Legal Aid Ontario includes seven 5% tariff increases. The cost of the tariff increases fully implemented is about $70 million, whereas only $43 million of funding is included within the New Investment $60 million base funding; leaving a $27 million shortfall.

Significant Changes to the Statement of Operations for 2011/12

- The $15 million increase is reflected in revenues from Total Government Funding – it increased from $320 million in 2010/11 to $335 million in 2011/12;
- The purpose of the additional funding is to:
  - Support the Government's Poverty Agenda;
  - Support Justice on Target (JOT) through enhanced use of duty counsel, the implementation of block fees and by addressing complex cases through the development of a major case office;
  - Increase to the legal aid tariff rate,
  - Modernize the internal structures and practices of LAO to produce more cost-effective and client responsive services.
- The implementation of programs funded under the New Investment is seen in the increasing costs of programs throughout the Statement of Operations.
- The cost of the tariff increases to date of $20 million is reflected in the increased cost of the certificate and duty counsel program. The certificate program cost is offset by the reduction of the number of certificates issued.

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Ce document est disponible en français.

Legal Aid Ontario receives financial assistance from the Government of Ontario.

Legal Aid Ontario's annual report is also available in alternative formats.

For further information:

- Call our general information service: 416-979-2352
  Toll free: 1-800-668-8258
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